



U.S. Department of Justice

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RUSSELLVILLE MAN PLEADS GUILTY IN **\$1.4 MILLION TAX EVASION CASE**

Little Rock – Jane W. Duke, United States Attorney for the Eastern District of Arkansas, along with Christopher Pikelis, Special Agent in Charge for Internal Revenue Service Criminal Investigation - Nashville Field Office, announced that Craig A. Hagerty, age 46, of Russellville, Arkansas, pled guilty today to two separate tax fraud charges. The charges were originally levied in September 2008 through an eight-count indictment in which both Hagerty and his wife, Angela L. Hagerty, age 39, were both charged.

In today's proceedings before United States District Judge Susan Webber Wright, Hagerty entered a plea of guilty to the charge of conspiring to defraud the United States in determination of the lawful tax he owed. He also pled guilty to evading the payment of the taxes. Hagerty faces imprisonment not to exceed 5 years and a fine not to exceed \$250,000 on each count. He will also be obligated to make mandatory restitution to the Internal Revenue Service in the amount of \$1.4 million. In exchange for Hagerty's guilty pleas, various related tax charges were dismissed.

The tax fraud underlying the charges stems from information Hagerty obtained from The Aegis Company (Aegis) on how to establish trust entities outside the United States in order to conceal and hide income, conduct financial transactions, and claim expense and deductions that were improper. According to authorities, Aegis, which is now defunct, engaged in a widespread scheme to sell sham domestic and foreign trusts to taxpayers. The scheme was premised on the false notion that income could be moved to the foreign trusts and avoid United States tax liability. According to the IRS, this scheme cost American taxpayers in excess of \$60 million in lost tax revenue.

Aegis has been the subject of a widespread IRS investigation that originated in Chicago, Illinois. A number of people, including the principal operators of Aegis, have been prosecuted and convicted for utilizing foreign accounts and trusts, and for encouraging others to utilize foreign accounts and trusts to evade the payment of legitimate taxes.

According to Duke, Hagerty utilized the Aegis “abusive trust” scheme from 1999 until the end of 2002, when he became aware of the IRS investigation. At that point, Hagerty changed the name of his company and simply continued the tax fraud. Hagerty continued to change the company name and the entities through which he did business through at least 2006. These various entities’ names included Global One, Inc., Global Once Business Company (GOBC), Global One Asset Management Company (GOAMC), Global One Services Company, LTD, SourceOne, A Corporation Sole (SourceOne), Premier Investments Property, RYE LLC, and Olen Caudle Irrevocable Trust (OCIT).

Information revealed in court today established that Hagerty and his wife filed returns for tax years 1999 through 2004 that understated their tax due and owing by approximately \$1.4 million. These returns understated the Hagertys’ true income and overstated their legitimate business expense deductions. The Hagertys understated their income for 1999 – 2004 by approximately \$3,952,010 and overstated expenses and deductions for 1999 – 2001 by approximately \$593,000.

The charge of evasion of payment stems from Craig Hagerty continuing to create company names and hide assets in the names of those companies after it became clear to him that he was under criminal investigation for tax evasion and that efforts to levy and collect against his property would commence. The evasion by Craig Hagerty continued from approximately February 2006 until the Hagertys were indicted in September 2008.

Duke stated, “When wealthy individuals illegally funnel millions of dollars offshore to evade taxes, it negatively impacts us all. Government is deprived of needed operating revenue and, as a result, vital services and programs are cut.” She added, “All income-earning Americans have an obligation to pay taxes. Hopefully, this prosecution sends the message loud and clear that the rich will not get richer by illegally evading taxes.”

Craig Hagerty will be sentenced at a later date after preparation of the customary presentence investigation report. Angela Hagerty currently awaits trial before Judge Wright on November 2, 2009. She is charged with one count of conspiracy to evade and defeat taxes; six counts of tax evasion; and one count of evading the payment of taxes.

This investigation was conducted by the Internal Revenue Service - Criminal Investigation Division, in conjunction with the United States Attorney’s Office for the Eastern District of Arkansas. The matter is being handled by Senior Legal Advisor Michael Johnson.

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